

## **EXHIBIT A**

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Tuesday, April 16, 2013

## DUE TO CORRECTIONS' UNPAID DEBT TO HOSPITAL

Inmates may lose medical services

By Moneth Deposa

Reporter

Inmates at the Saipan prison may lose access to medical services at the Commonwealth Health Center due to the Department of Corrections' unpaid obligation, said to be now over \$3 million.

The then-Department of Public Health first inked an agreement with Corrections in 1999 for the hospital to provide medical services to prison inmates. Since then, not a single penny has been collected for all services rendered to inmates.

The Commonwealth Healthcare Corp. board voted Friday to issue a "demand letter" to DOC for the payment of this uncompensated care, amounting to about \$240,000 a year since 1999.

To ensure that the board action is legal, the CHCC board consulted in-house counsel Allen Hazlip, who said the corporation is not party to any agreement or consent decree and has the authority to collect what is due the agency. He suggested that a demand letter be sent to DOC explaining its obligation to the corporation.

Corporation COO and CFO Esther Muña was instructed Friday to work with the legal counsel in finalizing the demand letter for DOC.

CHCC board chair Joaquin Torres told Saipan Tribune after the meeting that the corporation-under its current financial condition-cannot provide these services for free.

The choice, he said, is either to have a new agreement with DOC or services will be terminated immediately. "We don't want to continue to provide the services without getting any compensation from them," he told Saipan Tribune.

According to Muña, it was the recommendation of the U.S. Commissioned Corp to demand payment for all medical services rendered to inmates. Under the group's sustainability plan for CHC, the corporation was told to ask for government appropriation for these services for the prison.

Despite some discussions, no new MOU has been executed between Corrections and the corporation since the corporation's inception two years ago, Muña said.

Board member Roy Rios said that on one occasion, CEO Juan N. Babauta and hospital director Karen Buettner had a meeting at DOC where compensation was discussed and where the parties agreed that a document will be put together for each party to sign off. To date, this document has yet to be completed and signed.

Based on Babauta's early budget submission to Gov. Eloy S. Inos, CHC has incurred \$9.9 million in uncompensated care that include services to prison inmates. He requested this amount to be reimbursed or appropriated to the corporation, along with \$300,000 to pay for its vendors, for the fiscal year 2014 budget.

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EXH-A 000001

## LOCAL

Thursday, April 18, 2013

Governor promises to fund medical care of inmates

By Moneth Deposa  
Reporter

The Inos administration vowed yesterday to set aside funding to ensure that medical care will be uninterrupted for inmates of the Department of Corrections.

The governor, according to press secretary Angel A. Demapan, will appropriate \$240,000 for the purpose in his budget proposal for next fiscal year.

"The governor's [fiscal year] 2014 budget submission will include appropriation of \$240,000 for medical care for the inmates," Demapan told Saipan Tribune yesterday.

He said the governor would also discuss the matter with the Commonwealth Healthcare Corp. board and Corrections.

The CHCC board earlier threatened to terminate all medical services to inmates following revelation that the agency has been subsidizing for many years what it described as "uncompensated care." It directed hospital officials to issue a demand letter to Corrections for payment.

Prison inmates started receiving medical care from the hospital in 1999 by virtue of an agreement between the then Department of Health and DOC.

CHCC officials disclosed that the health agency spends about \$240,000 each year to provide medical care for inmates. That includes the services of doctors and nurses and the provision of medicines.

CHCC wants to collect these outstanding dues from DOC, which now amount to over \$3 million covering the period from 1999.

But according to Demapan yesterday, for much of DPH's existence, the government has been providing yearly appropriation for its personnel and operation. DPH used to receive \$37 million a year from the central government. In 2011, DPH was abolished following the establishment of the CHCC.

"Governor Inos would like to discuss this matter with the CHCC board and the Department of Corrections. After all, a major portion of the years being referenced by the CHCC board are years in which the hospital, under the then Department of Public Health, was being wholly funded by the Executive Branch," said Demapan.

Nonetheless, he added, the governor would like to discuss this with both sides in an effort to reach an amicable solution.

According to CHCC board chair Joaquin Torres, with the present financial condition of the corporation, it cannot provide inmates free medical services. The choice for DOC or the central government is either to have a new agreement or services will be terminated immediately.

Under the sustainability plan for CHC that was put together by a federal team, it was recommended that the corporation ask the government for appropriation for services provided to prison inmates.

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